

SPEECH

OF

HON. ALEXANDER G. CATTELL,

OF NEW JERSEY,

ON

THE BILL TO PROVIDE INCREASED REVENUE FROM IMPORTS;

DELIVERED

IN THE SENATE OF THE UNITED STATES, JANUARY 22, 1867.

---

WASHINGTON:  
PRINTED AT THE CONGRESSIONAL GLOBE OFFICE.  
1867.

1831

10

THE STATE OF PENNSYLVANIA

1831

Digitized by the Internet Archive  
in 2018 with funding from

This project is made possible by a grant from the Institute of Museum and Library Services as administered by the Pennsylvania Department of Education through the Office of Commonwealth Libraries

1831



## THE TARIFF.

---

The Senate having under consideration the bill (H. R. No. 718) to provide increased revenue from imports—

Mr. CATTELL said:

Mr. PRESIDENT: The importance of the bill now under consideration overcomes my reluctance to trespass upon the time of the Senate, and induces me to attempt the expression of the general views which govern me in advocating the principles upon which the bill is founded. In the statement of these views I shall not, at this period of the discussion, enter into an examination of the details of the bill, as to which there may be differences of opinion even among those who favor its general principles.

In most, if not all civilized countries, the needs of the Government under ordinary circumstances are provided for mainly from import duties, this being the easiest and surest and least objectionable form of raising revenue. But the principles upon which these duties should be levied have given rise to much discussion among both practical statesmen and scholars who have written upon political economy. The extreme views are held on the one hand by the advocates of free trade in its fullest sense as a rule applicable to all nations and under all circumstances, and on the other hand, by those protectionists whose views, if logically carried out, would end in absolute prohibition. In my judgment the truth here, as in so many other cases, lies in the middle ground.

In the consideration of the subject before us it might be interesting and instructive to trace the rise and progress of the doctrine of protection to home industry in the kingdom of Great Britain, which has risen to be the greatest manufacturing country in the world; a doctrine pushed at some periods even in the present century to the point of actual prohibition, and stubbornly maintained until the development of England's resources and industry enabled

her to produce more cheaply than any other nation. But I will not consume the time of the Senate in any such extended review of this history, but content myself at this point, with saying that the principle of protection to home industry was recognized and applied in Great Britain during the last century and a half until all industrial pursuits had been so stimulated and capital so much increased and cheapened that foreign competition was no longer feared. As a single illustration, the duties on iron were raised by Parliament fifteen times in a period of little over a century, commencing about the year 1700; and so late as a period within the memory of some who hear me, 1819, the import duty on certain kinds of small iron was £20 per ton, and on hoop £23 15s., the one a little under, and the other something over \$100 per ton! Other illustrations might be given if it were necessary, but the fact that England's policy was that of protection during this period is familiar to you all.

This decided, unwavering adherence to the doctrine of protection, sternly enforced by the British Parliament and made effective by the adoption so far as practicable of specific instead of *ad valorem* duties, built up England's supremacy in iron making, rapidly developed her resources, stimulated her commerce, and added immensely to her wealth. The results vindicated the wisdom and sagacity of her statesmen in the adoption of the system of protection, when such protection was needed to encourage and develop her infant manufactures, until she was able to compete with and in fact surpass all other nations in producing cheaply the more important of the manufactures required in civilized countries. Nay, more, Great Britain influenced by these views of the protective policy, even ignored the admitted principles of political economy (if there be any settled principles of the so-called science) by excessive



import duties on food. By the adoption of a sliding scale, she virtually prohibited importations until the price of wheat grown upon her own soil should reach the extreme figures of eighty shillings per quarter, (about \$2 50 per bushel,) and it was not until the serious failure of the crops in 1846, resulting in the great famine, that this unnecessary burden was lifted from the backs of the toiling millions. It should be observed, however, that this protection of the agricultural interests stimulated high culture until the improved husbandry brought the production up to its maximum point, and in some degree compensated for the evils always resulting from excessive import duties upon food.

And now the object of protection having been gained in Great Britain by the encouragement of domestic competition, resulting in ability to produce as cheaply as any other nation, and needing a market for her surplus, she naturally and wisely adopts as her interest the doctrine of free trade, and while for more than a century she barred the doors of her custom-house against the surplus of other countries, she would now fain persuade other nations whose conditions are similar to hers of the last century rather than of the present that the doctrine is applicable to them. I need scarcely remind the Senate that the American nation is the one above all others which the British statesmen of the present day seem most anxious to convert to their newly-discovered principle in the laws of trade.

Our consul at Liverpool, a sagacious observer, writes to a friend in Washington, May 19:

"Great efforts will now be made by English capitalists and manufacturers to induce us to reduce our tariff and permit them to do all our manufacturing. They are beginning to stir this matter already. Our warm personal friends will be put forward to move the matter, such men as John Bright, Goldwin Smith, and others, who have stood by us through this war. I have seen decisive evidence of this purpose here. They will struggle hard to break down our tariff; there will be a terrible pressure put upon the Government."

We are well aware that the persistent, vigorous, and often unscrupulous efforts of British manufacturers and capitalists "to break down our tariff" are for the selfish purpose of making England the workshop of the world, thus advancing their own private interests; but the character of the gentlemen here named, and of others equally honored who share their views, remove from them even the suspicion of unworthy and sordid motives. In my judgment, however, the American people will honor them far more for other things than for urging upon us the adoption of a theory which, while it would tend still further to develop and increase the manufacturing industry of their nation, would be fatal to this interest in our own.

While we concede the wisdom of applying the principles of free trade to their own coun-

try in its present condition, we contend that they are not applicable to a country like ours, that has yet to develop its manufactures and needs precisely the protection that Great Britain needed under similar circumstances, and which her law-givers had the sagacity and wisdom to give her.

Mr. President, the difficulties which surround this question will be relieved if we consider that nations, like individuals, require different treatment at different periods of their lives. There are periods when a nation requires for its healthy development different systems of treatment; so different that what is admirably adapted to a nation in certain conditions would be utterly ruinous in conditions that are dissimilar. One of the ablest European writers upon this subject, L. de Tegoborski, says:

"In political economy there are no absolute principles applicable alike to all countries, times, and circumstances. Political economy is a science of observation, consecrated by an examination of the facts which manifest themselves in the creation of wealth and of the causes by which they are produced." \* \* \* "The study of social economy as a moral and political science must be guided and corroborated by practice and experience."—*Volume i*, p. 451.

I need not further dwell upon a point so plain, nor would it be worth referring to at all were it not evident that this fallacy has strangely deceived so many, whose arguments for universal free trade amount to nothing whatever, unless it be admitted that the same system is applicable to all nations, in every condition and in every degree of their development.

I do not propose to discuss the question whether, in certain conditions of the world, if free trade were universal, the world would be the gainer. Most assuredly each individual nation would not be, if the experiment were tried now when the conditions of nations are so unequal. To test the principle fairly every nation should start even with every other nation, and as we are not here to legislate for the world at large, but for the American Union, it will be time enough for practical men to meet this question when the world at large shall agree to practice universal free trade. For myself I do not expect such a system to be inaugurated until we shall be many centuries nearer that happy and blessed day when "the lion shall lie down with the lamb."

Certainly we shall act the part of wisdom at the present time and under our present circumstances, if instead of—

"To the fascination of a name  
Surrendering judgment hoodwinked,"  
or suffering ourselves to be captivated by the alliteration of free speech, free press, free trade, we address ourselves to the examination of our actual condition and endeavor to ascertain from the history of other nations that have risen to wealth and power, and from the lessons taught by our own experience, what system, not in conflict with national honor and



Christian principle, will most speedily and surely secure to the nation progress, prosperity, and power.

This history teaches us, as I have already observed, that England had a protective policy for centuries, during which her condition resembled ours at present in many respects; and that this policy, supported by Cromwell, Walpole, and Chatham, resulted in making her the greatest manufacturing nation upon the earth. It is also worthy of observation that it was not until the year 1840 that any change of note was made in the British policy, long after her manufactories had arrived at a point that enabled her to defy the world. Even the famous tariff of Sir Robert Peel, adopted in 1842, did not ignore the doctrine of protection. In the debate on the bill Peel himself said:

"I do not abolish all protective duties; on the contrary, the amended tariff maintains many duties that are purely protective as distinguished from revenue duties."

Thus practically ignoring the theories of her own economists.

France, guided by the practical wisdom of the First Napoleon, sternly protected her industrial interests, and especially after the close of the continental wars in 1815, when she adopted the policy of sustaining by all the power of legislation and all the authority of the Government the great increase of manufactories which had been forced into development by the incidents of the war. The example of France in this particular is worthy of our special consideration. Important branches of industrial pursuits were established in our own country by circumstances produced by the late civil war, and we shall exhibit practical statesmanship if we ourselves adopt the policy of France in protecting and sustaining such as are at all adapted to the conditions and resources of our country and the tastes and habits of our people.

Russia, peculiarly an agricultural nation, was behind both England and France in recognizing the true interests of her people. Relying upon agriculture, in view of her enormous territory and capacity to produce the fruits of the soil, she neglected manufactures, and although her advance in agriculture and population was comparatively repaid, manufactures were feebly struggling against the pernicious influences of a mistaken policy, and trade and commerce languished. Count Nesselrode in 1821, in an official document, declared that Russia was—

"compelled by circumstances to recur to a system of independent commerce; that the productions of the empire found no market abroad; that the manufactories of Russia were ruined, or on the verge of ruin; that the money of the country was being carried off into foreign parts, and that the most solid of commercial establishments were at the brink of destruction."

Count Nesselrode was too clear-sighted a statesman not to discover that the disease which afflicted the body-politic was free trade, and he resolutely applied the remedy. He adopted the

system of protection, and under its magic influence the dormant energies of the country were aroused. Productions, manufacturing and agricultural, increased; and trade and commerce felt the swell of general prosperity. I need not point the Senate to the present flourishing condition of the Russian empire and attempt to describe how much of her prosperity she owes to these forty years protection of her home industry. Nor will I stop to inquire how much she is indebted to the intellectual and moral influences resulting from the increased activity thus produced among her people for that higher type of civilization that has given freedom and manhood to the serf.

But we need not look into the history of the European nations alone for confirmation of the truth that national prosperity and national progress are promoted by a proper protection of manufacturing industry. Our own country affords us the most striking illustration. Indeed, eminent English writers have been constrained to admit the beneficial tendency of our protective policy. One of them remarks:

"The most prosperous of all nations for the last fifty years has been the United States, yet the exports and imports of the American Union, notwithstanding its vast augmentation in population, are not very much greater than they were in 1805. It is the unregistered home production and home trade, doubled and quadrupled over and over again, that has created this unexampled prosperity."—*Byles*, p. 131.

That this writer is correct in referring our "unexampled prosperity" to this increase of "home production and home trade" can scarcely be denied, and all this was effected by our protective policy, so generally known as the "American system." It may be said, however, that the United States have not constantly adhered to the protective system; that we have vibrated in our policy from tariffs for protection to tariffs for revenue simply, and *vice versa*. The allegation is admitted; and I have only to say on this point that if the true policy had been permanent we should have less need of protection now. That this great country has made progress even under legislation adverse to her industry is admitted; but I assert without fear of successful contradiction that the examination of our history will show that our greatest strides in national prosperity, embracing our agriculture and our commerce, as well as our manufactures, were made during the period when the doctrines of the American system found favor with the law-givers of the nation. When the practical wisdom of Clay and Evans and Simmons prevailed in this Chamber and triumphed over the subtle free-trade fallacies of Calhoun, Hayne, and Hunter, the industry of the nation was quickened and her onward progress accelerated. The impulse thus given to our industrial energy enabled us to make progress for a time even against the disadvantages of the opposite legislation; but every departure from the protective policy has



invariably resulted in the end in stagnation of trade, followed by financial embarrassment.

The principle of protection to home productions was early recognized and approved by our fathers; and it is worthy of remark that the policy of protection to American manufactures was assumed in the second legislative act of the First Congress of the United States. That Congress, July 4, 1789, passed "an act for laying duties on goods, wares, and merchandise imported in the United States," the preamble of which reads as follows:

"Whereas it is necessary for the support of the Government, for the discharge of the debts of the United States, and the encouragement and protection of American manufactures, that duties be laid on goods, wares, and merchandise, Be it enacted," &c.

This bill was signed by the immortal Washington, and the policy then adopted has been approved and advocated from that time by most of the leading minds of the nation. But of late years the American system of protection to home industry is met with the objection that this is class legislation for the exclusive benefit of one particular interest, and that every dollar of duties levied on imports for protection is so much tax on the consumer, for which there are no compensatory benefits. This is the one great arguments upon which the advocates of free trade mainly rest their case; and although it has been met and answered, in my opinion conclusively, in the books of recent writers in our own country—Cary, Colwell, Colton, and others—and in the speeches of many of our leading statesmen, yet I may be permitted briefly to restate the grounds upon which advocates of protection reject this fallacy.

But first, if this allegation of the free-trade theorists were true, which I do not for a moment admit, it has no force in the present condition of our national finances. The Secretary of the Treasury estimates that there will be required for the year ending June 30, 1868, to meet the expenditures of the Government, to provide for the interest on the public debt, and for the payment of bounties, a revenue of \$350,000,000, so that after having arranged your tariff at the highest admissible rate consistent with a due regard to both revenue and protection, you must look to your excise to give you a revenue of nearly or quite two hundred million dollars. Indeed, the receipts of internal revenue for the year 1866 reached the enormous sum of \$310,906,984, and of this the manufacturing industry, which is sought to be protected by this bill, paid \$178,356,661.

Do you believe that anything like this sum can be realized to the Government from this source during the present fiscal year, unless the much-needed protection be accorded them? The premiums on gold, which acted measurably as a tariff, has fallen, while the high prices of labor remain the same. In this abnormal condition of affairs the munificent contributions

made by our manufacturers to the revenue of the Government last year cannot without further legislation on their behalf be repeated, and the more objectionable demand of an increased excise upon the people at large must supply the deficit. But apart from this consideration, we contend that a careful examination of the whole subject will show the utter fallacy of the usual and clamorous free-trade argument that under all circumstances all duties for protection are a tax upon the consumer.

A recent writer upon this point says:

"If protective duties enhance for a time domestic manufactures, they secure afterward lower prices by means of internal competition; for an industry that has reached its development can safely reduce its prices far below those which were necessary to insure its growth, and thus save to its consumers the whole expense of transportation and the whole profits of trade, which are consequent upon imports of the same articles from other countries."—*List*, p. 80.

The history of our country will fully justify this conclusion. It is competition and development at home that produce lower prices; and while protective duties will reduce foreign competition and perhaps arrest development in other countries, they invite and encourage domestic competition and stimulate the development of our own resources. And when it is remembered that our imports are not more than ten per cent. of our consumption is there not wisdom in encouraging competition at home where the ninety per cent. is produced? And will not this, beside building up the nation, eventually give us a lower range of prices than the practice of the opposite doctrine? Will not the encouragement given by protection invite capital into manufactures; attract to our shores the skilled workmen of other lands; stimulate enterprise and quicken the activities of our people, until the manufacturer will find a sharper competition at his own door than the one three thousand miles away?

Let me illustrate by the statement of a case with which we are all familiar. Before the war, say in 1860, the price of anthracite coal delivered at Philadelphia was three dollars to three dollars and a quarter per ton. The capital engaged in its production and the collieries then opened were sufficient to meet the constantly increasing wants of the country in a normal condition of affairs. In fact capital, in view of the previous prosperity of the trade, had been attracted to it, until the supply was in advance of the demand.

A distinguished gentleman, largely engaged in the mining of coal, writes me as follows:

"For a number of years prior to the war the coal business was much depressed. Most of the operators were bankrupt, the cost of production exceeding the market price, except in favored localities."

But the inauguration of the war threw suddenly a largely increased demand on the source of supply. As a consequence the market rose rapidly, until the price reached ten dollars per ton at Philadelphia. At this price coal mining



was among the most profitable occupations. The enterprising capitalists saw this at a glance, and were attracted in that direction. New collieries were opened; those already engaged in the business were stimulated to increased production; and what is the result? Why, the increase of production in 1866 to November 1 over that of the corresponding year of 1865 was two million eight hundred and thirty-six thousand seven hundred and eighty-two tons. As a consequence the price of coal has fallen in Philadelphia to about five dollars per ton, a price actually below the cost of production at the present prices of labor. This illustration is drawn from the movement of anthracite coal; but the same results—of domestic competition—are observable in the movements of bituminous coal. During the war prices at Pittsburg ran up to thirteen cents per bushel, which stimulated production and increased the supply; and the price was consequently reduced until the article is now freely offered at seven cents per bushel. I submit that such is the natural and usual result of home competition, and that when protection is necessary to induce this competition it is the interest of all classes of the nation to accord it. But still further I propose to show that facts sustain this principle, by a reference to the prices of a few leading articles before and after they were produced by the American manufacturer.

The tariff bill approved May 22, 1824, levied a rate of duty equal to eight cents per square yard on the coarser qualities of unbleached four-quarter cotton muslins. For a brief period the price of this article was advanced somewhat over that prevailing previous to the passage of the tariff act referred to. But the encouragement given by protection on this class of goods induced capitalists in different sections of the country to erect factories and to engage in the manufacture of an article so largely consumed by our people. The natural result followed. The energy and skill of our people, and the improvement of machinery adapted to the manufacture of these goods, were such that the consumer through the working of home competition was supplied with an article of superior quality to the imported, at a cost of seven and a half cents, being actually one half cent per yard below the duty levied. Another illustration may be cited of more recent date; that of the finer grades of cast steel, for which a few years ago we were entirely dependent upon the Old World. A number of original invoices now in my possession from prominent English steel manufacturers' agents on this side, dated in the years 1850, 1852, 1853, 1855, 1856, and 1857, show that during these years, when the duties on steel were far below the present rates, being as low in the year 1857 as twelve per cent. *ad valorem*, (equal to about one and a quarter

cent per pound, as shown by the custom-house valuation,) the price of best cast steel averaged fifteen cents, and the maximum sixteen and a half.

Invoices and offers made by the very same manufacturers' agents during the present month, the existing tariff upon the same grade being three cents per pound, show an average decline of one and a quarter cent per pound. This is comparatively a new branch of manufactures, and the figures I have given show that, working under a protective duty of three cents per pound, the energy and enterprise of our own people have forced the English manufacturer to reduce his rate one and a quarter cent per pound, saving to the American consumer twenty-five dollars on every ton used.

But a singular confirmation of the truth that domestic competition, which is always induced by protection, actually reduces prices is found in a recent memorial sent to the Finance Committee by some of the most eminent railroad men in the country. Representing the interests of their roads, and desiring of course to purchase steel rails as cheaply as possible, they ask that the increased duty on steel proposed by the House bill be sustained. They state the pregnant fact that the present extensive preparations to produce Bessemer steel rails in our own country have compelled the foreign agents to reduce the price of theirs forty dollars per ton. But I will read the memorial with the names of the distinguished gentlemen which are appended, and let them speak for themselves:

*To the Finance Committee of the Senate of the United States:*

We, the undersigned, respectfully represent—

1. That in our opinion it is highly important for the interests of American railroad companies, and the builders and users of American machinery, that the business of manufacturing Bessemer steel rails, axles, boiler-plate, forging, &c., in this country should be commenced and carried to such an extent that, in case of war with a foreign Power or other contingency, we may be capable of supplying our whole domestic demand.

2. That previous to the present extensive preparations in this country for producing Bessemer steel rails, forgings, &c., foreign agents charged \$150 per ton in gold for the same rails that they reduced to \$110 per ton in gold when they became aware that such preparations were being made; thus showing the necessity for a home supply in order that the foreign article may be obtained at a reasonable rate.

3. That we are credibly informed that large works for manufacturing Bessemer steel for rails, forgings, &c., are in course of erection at Troy, New York; Harrisburg and Chester, Pennsylvania; Cleveland, Ohio, and Detroit, Michigan; and that capable gentlemen are awaiting the result of the present action on the tariff bill before beginning to build works of the same kind already planned, at Mott Haven, New York; Pittsburg, Johnstown, and Bethlehem, Pennsylvania; Baltimore, Maryland; Cincinnati, Ohio, and St. Louis, Missouri, which works, if built, will more than supply the present domestic demand.

Now, therefore, we respectfully ask that the House bill, placing two and a half cents per pound duty on steel rails, and three and four cents per pound on other articles of Bessemer steel of more difficult manufacture, be sustained; and that all steel rails con-



tracted for previous to July 1, 1866, be permitted to enter the country at the present duty of forty-five per cent. *ad valorem*.

J. EDGAR THOMSON,  
*President Pennsylvania Railroad Co., &c.*  
THOS. A. SCOTT,  
*Vice President Pennsylvania Railroad Co., &c.*  
H. J. LOMBAERT,  
*Vice President Pennsylvania Railroad Co., &c.*  
M. B. HICKMAN,  
*President West Chester and Philadelphia Railroad Co.*  
J. D. PERRY,  
*President Union Pacific Railway Co., E. D.*  
WM. J. PALMER,  
*Treasurer Union Pacific Railway Co., E. D.*  
JOHN TUCKER,  
*Philadelphia and Reading Railroad Co.*  
JAY COOKE, *Banker.*  
WM. B. BIDDLE,  
*Vice President Lehigh Coal and Navigation Co.*  
S. P. ELY,  
*Of Marquette and Bay de Noquette Railroad, Mich.*  
EDW. MILLER,  
*Of Warren and Franklin Railroad.*  
S. M. FELTON,  
*President Philadelphia and Baltimore Central Railroad, Delaware Railroad Co., and Chester Creek Railroad Co., &c.*  
NATHL. THAYER,  
*Banker and Railroad Director of Michigan Central, Hannibal and St. Joseph Railroad Co., &c.*  
ISAAC HINCKLEY,  
*Pres't Phil'a, Wilmington, and Baltimore R. R. Co.*  
ERASTUS CORNING,  
*Of New York Central Railroad Co., &c.*  
W. W. LONGSTRETH,  
*President Lehigh Valley Railroad Co.*  
FREDK. FRAILEY,  
*President Schuylkill Navigation Co.*  
CHAS. E. SMITH,  
*President Reading Railroad Co., &c.*  
J. GREGORY SMITH,  
*President Vermont Central Railroad Co., &c.*  
J. D. CAMERON,  
*President Northern Central Railroad Co.*  
R. N. RICE,  
*General Superintendent Michigan Central Railroad Co.*  
J. B. SUTHERLAND,  
*Michigan Central Railroad Co.*

One other illustration, and I have done on this point. An extensive manufacturer of iron in Pennsylvania, in reply to some inquiries I made, writes me as follows:

"In regard to the iron business before and since the war we submit the following: the highest price iron touched during the war was eight and a half cents per pound for common bar. It is now four and a half cents; but to compete with foreign iron must be sold at four cents. Labor is as high as it ever was during the past five years; and unless there is a general decline in prices of everything that enters into daily economy of life we cannot bring it down in anything like the same proportion that the price of the product has fallen.

"Another point: iron averaged during the ten years before the war two and three fourths to three cents per pound for common bars. Reduce our price of five cents to gold at thirty-three per cent., and it shows we would now sell No. 1 American iron at three and three fourths cents gold; and we do not fear to predict that should even a majority of articles follow gold down to par iron would sympathize to a greater extent than the above relative prices. In some particular descriptions of iron, in hoops, sheet, and light sizes, prices have actually been lower—computing values in gold—than before the war. Home competition has done this; but we do not fear that; it is the fault of the individual manufacturer if his American rival can outstrip him."

But there is still another view of this subject. I have already said that the imports did not

exceed ten per cent. of our consumption. In other words, the industry of our own land supplies us with ninety per cent. of our wants. Now, suppose by an unwise system of legislation you expose our manufacturers, without protection, to the ruinous competition of the cheaper labor and cheaper capital of Europe and thus break them down; suppose you put out the fires of the forge and the rolling-mill, arrest the shuttle of the weaver, and still the music of the spindle, what will be the inevitable result as to price? You thus throw upon the workshops of Europe the demand to supply the whole of our enormous wants. Their capacity is about equal to the wants of their customers, as things now stand, and consequently the demand when increased by the volume of your entire wants will far exceed the supply. Then, by the inexorable law of trade, prices must rise. You get now the ten per cent. of your wants cheap because you produce the other ninety per cent. Close up your workshops and throw your whole demand upon those of Europe and you aid in building up the industry of other nations upon the wreck of your own. In this view of the case the interest of people of all classes is promoted by protection to home industry, and that can hardly be called class legislation, which, in the end, benefits all classes and tends to develop the mighty empire which God has given for our heritage.

But, Mr. President, the argument rests on a much broader basis, which is, that the prosperity of the manufacturing interests invariably brings prosperity to every other department of industry. There is harmony between the agricultural, manufacturing, and commercial industry of a well-regulated nation. If I may be allowed to use a figure, agriculture may be considered the framework and foundation of the body-politic, as the bones and muscles and sinews are of the body-organic; manufacturing industry fitly represents the life blood, while trade and commerce constitute the heart, whose mighty pulsations send the life-giving current through every artery and vein. As a healthful condition of all the parts of the human body assures a perfect development of the man, so a healthful condition of all the departments of industry is essential to the perfect development of a nation. If manufactures languish you cannot have a healthful, natural condition; for if the blood be impoverished and the supply scanty, the pulsation of the heart will be lessened and weakened, and for want of a proper supply of nourishment torpor will ensue and paralysis will finally settle on the entire organism.

In respect to commerce, this harmony of interests arises from the fact that our home industry is the basis of all our prosperity. It is a well-established fact that foreign commerce flourishes just in proportion to the nation's productive energy and power of consumption.



In a country so vast as ours, stretching from ocean to ocean and "from the icy north to torrid climes," with every variety of soil and climate, with its fertile valleys, its broad prairies, its beautiful savannahs, its mighty rivers, and its inland seas, its hills of gold and its mountains of silver, its inexhaustible supplies of coal and iron, the "twin sisters of civilization," there is no limit of wealth and power of which human thought can conceive which cannot be reached by the industrial forces of our people if they be aided by wise and judicious legislation. It is to the development of these great resources, the gift of a beneficent God, that we must look for national wealth and power and individual prosperity and happiness. Whatever tends to stimulate this development increases the prosperity of every class.

A careful examination will show that under our varying system of protection foreign commerce flourished most when the activity of the laboring masses was the greatest, and he is behind the age in which he lives and an inattentive observer of the progress of our own and other nations who objects to the protective policy on the ground that it militates against commerce. England's commercial supremacy was acquired during a system of protection to her manufacturing industry more rigid and effective than any ever adopted by the United States, or than any now proposed by the most earnest advocates of protection. Look at the figures of the Russian empire. Her foreign commerce shows a total movement of imports and exports in 1822, under the free-trade policy, of but 92,065,000 roubles; while after the better system of protection to her manufactures, which we are so positively assured militates against commerce, had been in operation for thirty years, the total movement showed in 1853, the latest dates at my command, 246,605,000 roubles, an increase of two hundred and fifty per cent. Do these figures sustain the idea that commerce is dwarfed under the protective system? The power to produce and the ability to consume in a nation is what makes commerce, and both these conditions result when the operatives are fully employed and fairly paid. To secure these results you must protect your workingmen from the ill-paid, ill-clad, ill-fed labor of the Old World. But if it could be shown that this policy did somewhat interfere with our foreign commerce, I submit that the most ample compensation would come from the increase of our domestic commerce. Commerce in its full sense embraces both foreign and domestic, and if the loss in one branch is more than compensated by the gain in the other, is the nation a loser; or can it with any propriety be said, under such a condition of things, that commerce languishes?

In foreign commerce there is of necessity some division of profits with the nation with which you trade. With domestic commerce

the net results are all your own. Beside the prosperity of a country, so far as it results from foreign commerce, may be interrupted, disturbed, or annihilated by foreign legislation or by war. The relative importance of the two branches of commerce will be seen by a comparison of the movement of each, and I ask your attention to a few figures bearing upon this point. These figures are taken from statistical reports prepared by Mr. Delmar, the very able chief of the Bureau of Statistics connected with the Treasury Department, and now in course of publication. The entire table is so interesting and instructive that I give it in full, although a small portion of it only is necessary for my present line of argument:

*Value in gold of the annual product of the people of the United States—1860.*

Engaged in agriculture.....	\$1,608,963,917
Engaged in manufactures.....	916,699,948

[This includes all processes between the raw material and consumption, and thus comprises the cost of dwellings erected, railroads and canals equipped, home-made manufactures, &c.]

Engaged in mining.....	100,000,000
Engaged in fishing.....	12,924,092
Engaged in hunting.....	2,000,000
Engaged in foresting, wood cutting, &c.....	25,000,000
Engaged in domestic commerce.....	1,500,000,000

[This sum represents the net annual earnings of, or gross increase of, money value derived from railroads, canals, turnpikes, steamboats, vehicles, and vessels of every description employed in the transportation and distribution of passengers and commodities in every direction within the country, including money value of all incidental labor devoted thereto.]

Engaged in foreign commerce.....	190,000,000
----------------------------------	-------------

[This sum represents the net annual earnings or gross increase of money value derived from exchanging products with foreign countries, that is from foreign imports and exports, and from the carrying to and fro of passengers.]

Engaged in improving the face of the country and subduing to the purposes of society.....	2,400,000,000
---	---------------

[This sum represents the yearly increase of the value of lands and other immovable property newly brought under cultivation or improved, and comprise the "permanent ways" of railroads and canals, and indeed all real property.]

\$6,755,587,957

#### RECAPITULATION.

Agriculture.....	\$1,608,963,917
Manufactures.....	916,699,948
Mining.....	100,000,000
Fishing.....	12,924,092
Hunting.....	2,000,000
Forestry.....	25,000,000
Domestic commerce.....	1,500,000,000
Foreign commerce.....	190,000,000
Internal improvements.....	2,400,000,000

Total gold value.....	\$6,755,587,957
Same reduced to currency at 140, estimate for 1866.....	\$9,457,823,139

Of the \$6,755,000,000 (gold value) produced in 1860, \$6,000,000,000 were consumed during the same time, leaving a surplus or annual gain to the people's combined wealth of \$755,000,000.



As the product of 1866 was about the same in gold value as that of 1860, and the surplus of course the same, the latter amounted in currency in 1866 at 140 for gold to \$1,057,000,000; and of this amount \$561,000,000 in currency was paid to the Government in the form of taxes.

These figures are not only interesting and instructive in their detail, but the grand total of the people's earnings in currency (\$9,457,823,139) almost surpasses belief, and induces the thought that the human mind is scarcely capable of conceiving the vastness of the material resources of the nation when the energy and enterprise of our people shall have been fully developed. And if the premises upon which the table is made and the conclusions drawn therefrom be correct, the astounding fact is developed that the industry of the nation paid during the year 1865 in taxes to the Government more than half of the net profits of the whole people.

But my chief purpose in producing this table is to show the immense volume of our domestic commerce and to draw therefrom a comparison of it with the results of our foreign commerce, in confirmation of my assertion that our domestic commerce far outstrips our foreign in importance to the nation, \$1,500,000,000 against \$190,000,000. Think of it, and tell me whether I am extravagant in saying that in view of such figures our foreign commerce sinks into comparative insignificance. The American system, by giving activity and volume to our domestic trade, assures the increasing development and onward progress of our domestic commerce.

Having thus seen, by an examination of the history of other nations and by the results in our own, that there is no real antagonism to commerce in the encouragement we propose to manufactures, it only remains on this branch of the subject to inquire whether the system of protection is in harmony with the agricultural interest of our country, confessedly the most important element of our national wealth. The advocates of the free-trade theory have employed their most subtle arguments in the attempt to prove that there is an antagonism between the manufacturing and agricultural interests of our country, but I am sure that an honest and faithful examination of the subject will show that such an antagonism exists only in their imagination.

The argument that import duties are a direct tax upon the consumer, without any compensatory benefit, which, if true, would fall most heavily on agriculture, I have already attempted to answer in the course of these remarks and I but restate what I have said, when I assert that the soundest of the recent writers upon political economy, and especially those of our own country, deny the truth of this assertion, and that they are sustained by a

rigid examination of the facts and a careful comparison of results under different systems. I admit that British writers on political economy who assume the hypothesis of free trade have occupied the field for more than half a century, but the unsoundness of their theory has been shown, not only by the close reasoning of later writers, but also by its rejection as a rule of practice by the wisest practical statesmen of all highly prosperous countries.

Napoleon the Great is reported by Las Casas to have said :

"Duties which were so severely condemned by political economists should not, it is true, be an object to the treasury : they should be the guarantee and protection of a nation and should correspond with the nature and objects of its trade. Holland, which is destitute of productions and manufactures, and which has a trade only of transit and commerce, should be free of all fetters and barriers. France, on the contrary, which is rich in every sort of production and manufactures, should incessantly guard against the importations of a rival who might still continue to be superior to her, and also against the cupidity, egotism, and indifference of mere brokers. I have not fallen into the error of modern systematizers who imagine that all the wisdom of nations is centered in themselves. Experience is the true wisdom of nations, and what does all the reasoning of the economists amount to ?"

At another time this extraordinary man, when discussing the theories of political economists, is reported to have said :

"If an empire were made of adamant political economists would grind it to dust."

For myself I prefer to accept the practical wisdom of this great man rather than the speculations of Adam Smith and Say and their disciples.

If, then, it has been shown by practical results that, taking a series of years, prices are cheapened rather than advanced by protection to home manufactures, by stimulating home competition, and that there is harmony with instead of antagonism to all the great interests of our country, the foundation upon which the free trade hypothesis is built is destroyed, and the whole fabric falls.

But suppose, for the sake of argument, that the money price of an article was advanced to the extent of the duties imposed, it does not follow that it is actually dearer to the consumer. Full employment to the laborer increases his power to buy and consume; and agriculture confessedly supplies a large part of his wants. The artisan who makes the plow, the ax, the mower, or the reaper, whether he does it in England or America, must be fed. If he be an American artisan the more fully you keep him employed the greater his ability to purchase your products. He must of necessity have bread, and he must therefore be a customer for what the farmer has to sell. While he has been employed in making the ax for the farmer the farmer has been producing the bread for him. He takes your bushel of wheat in pay for the ax he has made for you. Now, before you can decide whether the farmer has



actually given more for the ax than one of foreign manufacture would have cost him with the duty imposed, you must settle the question whether more or less than a bushel of wheat is required to procure the ax from a foreign workshop, and pay the importer's profit, the cost of transportation, and the duties levied upon it by Government. Now, the home laboring classes comprise the great body of the farmer's customers, and if they be fully employed and fairly paid, their ability to purchase is increased and the demand for agricultural products is increased, resulting in an advance in prices, which is the usual result of active markets. If they be not employed, the surplus population which can no longer find means of living in factories will be driven to the cultivation of the land and thus become the farmer's competitors instead of his customers.

But, Mr. President, the harmony of interests which exists between agriculture and manufactures, and the truth of the position I have taken, are clearly shown by actual results. I am sure the Senate will excuse me if I draw an illustration from personal observation in my own mercantile life. Twenty years ago last autumn I embarked in the trade in bread-stuffs in the city of Philadelphia. At that time, and for some succeeding years, the entire volume of my business was made up of consignments of agricultural products from the valleys of the Susquehanna, the Juniata, and the Lehigh. I have not the figures at command, but I am sure I speak within bounds when I say that my own house and the four or five others doing business from the same points must have received from this quarter four to five million bushels of cereals per annum. Philadelphia is still the natural market for the surplus product of this territory, but for some years past there have not been consignments enough received from that entire section to realize commissions sufficient to pay the salary of a receiving clerk. Do you ask, has production fallen off? I answer, no; on the contrary, it has increased, but the whole line of these valleys has been dotted with furnaces and forges and rolling-mills and saw-mills and factories and workshops, filled with operatives, and the consumer of agricultural products has been brought to the farmer's doors. He now finds a readier market for his products at home at prices equal to those ruling on the sea-board, of which he avails himself and thus saves all the cost of transportation and factorage, equal at average prices to about twenty per cent. Nay, more, sir, my own firm has frequently within the past few years sold and shipped to the millers in one of these valleys, that in which the iron interest has been most developed, the Lehigh, wheat drawn from Michigan, Illinois, Wisconsin, and Iowa to supply the deficiency in the consumptive want. And these products of the prairies of the West were sold, too, at a price far in excess of what

could have been realized by exportation to any country on the face of the globe. As a consequence of this state of things land has risen in value through all this section, and farms that could have been bought fifteen or twenty years ago at forty or fifty dollars per acre are now salable at one hundred and fifty or two hundred dollars per acre. Villages have grown to be towns, and towns have grown to be cities, agriculture and manufactures have clasped hands and prosperity reigns.

In further confirmation of the view that activity and prosperity in manufactures is favorable to the agricultural industry of the nation, I submit the following extract from a letter written by D. J. Morell, Esq., of the Cambria Iron Works, Johnstown, Pennsylvania:

"The Cambria Iron Works makes a market indirectly for an immense deal of produce which I cannot pretend to trace. They have created and they sustain the population and diversified industries of the city of Johnstown, which would be nothing without them."

In the following table he shows the sources from which this demand is supplied:

*Estimated production of rails by the Cambria Iron Works for the present year, ending October 31, 1867.*

	Tons.
New.....	40,000
Rerolled, 10,000 tons, to new.....	5,000
Total.....	45,000

Expended in living by workmen, \$65 per ton for 45,000 tons is.....\$2,925,000  
Which, as per foregoing estimates, is distributed as follows:

Paid to western farmers.....	\$1,050,750
Paid to southern farmers.....	319,050
Paid to local farmers.....	217,800
Paid to foreign farmers.....	175,500

Total to agriculture.....	1,763,100
Paid to western manufacturers.....	102,500
Paid to southern manufacturers.....	79,200
Paid to local and eastern manufacturers.....	616,950
Paid to foreign manufacturers.....	81,000

Total to manufacturers.....	880,650
Paid to purposes not connected with agriculture or manufacturers.....	281,250
	\$2,925,000

*Percentages of distribution, (in order.)*

To western farmers.....	35
To eastern and local manufacturers.....	21
To southern farmers.....	11
To local agriculturist.....	9
To foreign agriculturist.....	6
To western manufacturer.....	3
To southern manufacturer.....	3
To foreign manufacturer.....	3
To local purposes.....	9
Total.....	100

He adds:

"One thing you will particularly observe. It may seem that in distributing the agricultural products consumed by workmen I have not accorded enough to the locality of the works. I feel certain that I have given too much. So far as the Cambria Iron Company are concerned the local supply of agricultural products, though large, is almost imperceptible. It does not nearly sustain the other industries created



by the works, but having no dependence upon them other than the works, are as necessary to their existence as the shining of the sun."

It has been well said :

"Protective duties do not press heavily upon the agriculture of a country. By the development of manufacturing industry, the wealth, population, consumption of agricultural products, and exchangeable value of real estate are vastly increased, while the manufacturer's products consumed by farmers gradually fall in price. Agriculture and manufacturing industry united in the same nation, under the same political power, live in perpetual peace! They are disturbed in their reciprocal action neither by war nor foreign legislation. They insure to a nation the continual development of its prosperity, civilization, and power."

Antagonism between agricultures and manufactures! Protective duties, a class legislation to favor the opulent manufacturers and to oppress the hardy sons of toil! No, no. If charges must be made, we retort that this is but the clamor of those who would have you legislate in favor of the industrial interests of other nations, and I submit that it is the duty as well as the high privilege of the Congress of the United States to legislate for the interests of this nation.

I submit to the gentlemen who so worthily represent the great agricultural States of the West that the adoption of the American system and a faithful adherence to the principles upon which it is based is the true interest of their great and growing empire. The fertile prairies of the West crown the labors of the husbandman with the rich reward of abundant harvests, and our noble water-courses and inland seas and magnificent system of railways enable him to deliver from his abundance to all parts of our widely-extended country. All that is needed to bring prosperity to this class is a steady demand for their products. Encourage manufacturing industry and you increase the number of those who consume your products and add to their ability to buy. All the world over, as a rule, the home customer is the best; his want is steady, constant, sure, and gives you an unfailing market; while the foreign demand, which is insignificant at best, is fitful and contingent, liable at any moment to be interrupted by war or paralyzed by adverse foreign legislation.

The only nation of importance which does not produce food sufficient for its own consumption is Great Britain, while the great nations which lie near her—Russia, France, and Germany—have a surplus to export. The total annual want of Great Britain is about five million quarters, say about forty million bushels. Now, the annual production of wheat and corn in the United States is shown by the census reports to be about one thousand million bushels. If, then, Great Britain were to take from us the whole quantity of her deficit it would only be four per cent. of our crop. But Russia, France, and Germany compete with us for this trade, and the result is that we furnish but a small part of the want. The

special commissioner of revenue, Mr. Wells, in his recent report, says:

"Of the value of the whole agricultural products of the country, excluding cotton, rice, and sugar, only two and three fourths per cent. was estimated to have been exported, leaving ninety-seven and one fourth per cent. for the home market and consumption."

Under the depression resulting from the low tariff of 1846, after the spasmodic rise occasioned by the Irish famine of that year had subsided, prices of breadstuffs declined, and, with not the slightest demand for export, prime winter wheat sold in Philadelphia as low as seventy-five cents per bushel, a price which would hardly leave the producer in Iowa and Wisconsin forty cents per bushel. If you destroy manufacturing interests and drive the operatives from the workshop to the cultivation of the field, where are you to find a market for your agricultural products at remunerative prices?

A recent writer has said:

"Chicago alone often sends off in ten days more grain and flour than England has taken from us each year, on an average, for twenty years past; and the grain export from that city in a single day often exceeds what England has bought of us for a whole year."

In the course of a speech made in Boston by J. W. Brooks, Esq., president of the Michigan Central railroad, he said:

"We want a more steady and reliable market for the produce of the great food-producing region. Its power of production has hardly begun to be developed; but even now it is often without a market for its products. The natural buyers of surplus food are the manufacturers, and the great body of them live too far away from us. England does not import food from this country till she has exhausted those nearer home, which usually supply nearly all she requires. Estimating the growers' portion of the price received at twenty-five cents for corn and eighty cents for wheat, the export of breadstuffs for the last eighteen years has yielded to the growers an average of about thirteen million dollars per annum, rising as high as \$34,800,000, and falling as low as \$860,000 per annum—some years more than forty times as great as others—yielding to the nation a maximum of but a little over one dollar per head, and sometimes falling below three cents. This is too insignificant at best, and too unreliable at all times for so important an interest in our national economy."

Sir, whatever may be the fact in regard to other nations, with us there is unquestionably a harmony of interest between these great sources of our national wealth—agriculture, commerce, manufactures. Our fathers grouped them on our national shield in loving accord, emblematic of unity of interest; and all the subtle sophistry of British writers and the specious arguments of British statesmen, and the clamorous, selfish demands of British manufacturers, will never shake my faith in the conviction that they are those whom God has joined together at the altar of our common country, and no man may put them asunder. And such is the opinion of the people I have the honor in part to represent in this Chamber.

New Jersey speaks on this subject through her worthy Governor, distinguished no less for his practical statesmanship than for his



steadfast devotion to the cause of our country in her hour of peril, and his unceasing efforts to minister to the wants of our brave defenders and their families. Governor Ward, in his annual message to the Legislature of New Jersey, which convened a few days ago, says:

"There is another subject of great interest to the nation in the question of properly protecting its capital and industry. We were enabled to pass through four years of a sanguinary and costly war, the magnitude of which is now scarcely realized, by the simple development of our natural resources. Let these resources be steadily fostered and protected and we shall continue to prosper as a nation and as individuals. I believe in an American system which recognizes the duty of protecting our interests and our labor against the foreign policy of free trade. We ought to have no sympathy with those false and pernicious theories which would make us tributary to foreign workshops and foreign labor. True national prosperity consists in well-protected capital, in well-educated and well-requited labor, and in bringing the manufactory into close proximity to the farm. In our own State there is no division of opinion upon this subject. The least intelligent farmer knows that his close proximity to the mine, the forge, and the workshop is the secret of his real prosperity. He cannot be persuaded that any foreign market for his grain, his fruit, his cattle, or the produce of his dairy will supply the demands which these various branches of labor now create at home. Our large and varied interests are all united in the confident expectation that the Government will give to our industrial resources the protection which is demanded for their full development.

"At no period in our history has it been so important for us to adopt the doctrine of 'protection for the sake of protection' as now. Every dollar of gold exported from our country is a rebuke to the extravagance of our people and to the short-sighted policy of our Government. We are without adequate security that the investments of to-day will be profitable to-morrow. We feel that the financial interests of the country are so largely connected with the prosperity of our home industry that any neglect of this industry will work a sure and lasting injury to the former."

These are the words of wisdom fitly spoken. But there may be those who, while admitting the soundness of the protective policy, will contend that the existing tariff is high enough for the accomplishment of the protectionist's purpose, and that no further increase of duties is necessary.

To this I reply by asking the objector to look at the condition of the manufacturing industry of the nation at the present time.

My daily life is spent among a people largely engaged in the manufacture of iron and steel and in the production of textile fabrics; and I know from personal observation that foreign competition and excessive taxation constitute the upper and nether millstone between which these industrial pursuits are being ground to powder. If you admit the principle of protection to be true, then make your duties sufficiently high to be effective. If you will not do this, abandon the system, I beg you, and do not—

"Keep the word of promise to the ear,  
And break it to our hope."

But again, the necessity of some further protection to the industry of the country is conclusively proved by the course of importations for the year 1866, just closed. The enormous

increase of imports is alarming, notwithstanding the allowance, which I admit should be made, for increased importations, in view of the probable adoption by the Senate of the higher duties proposed in the House bill of last session.

I am indebted to an intelligent gentleman connected with the customs department for the following figures. At the port of New York alone the imports of foreign merchandise for the year 1866, just closed, reach the enormous sum of \$306,613,184, all gold values as invoiced, exclusive of freights, duties, and profits. If we convert this sum into currency it will be found that the value of these importations at this one port will be \$439,258,457 currency, an amount far in excess of any previous year. And of these importations very much more than one half come in direct competition with the labor of our own country, as the following figures for the most prominent articles will show:

*Principal articles imported in 1866 to New York, competing with American labor.*

Dry goods:	
Woolens.....	\$50,405,179
Cottons.....	21,287,490
Of silk.....	24,837,731
Of flax.....	20,456,870
Miscellaneous.....	9,235,832
126,223,102	
Iron:	
Pig.....	\$879,733
Railroad.....	1,492,633
Hoop steel, &c.....	3,053,478
Chairs, wire, &c.....	484,264
Hardware.....	1,821,731
Cutlery.....	2,466,207
Steel.....	2,949,349
Machinery and steel manufactures.....	865,942
14,013,337	
Copper.....	\$665,309
Zinc and spelter.....	1,064,195
Nickel.....	180,698
Lead.....	2,485,840
Brass and metal goods.....	817,638
5,213,680	
Watches.....	\$2,387,685
Instruments.....	714,438
Jewelry.....	1,952,684
5,054,807	
Glass and glassware.....	\$2,523,279
Earthenware.....	3,113,878
5,637,157	
Buttons.....	\$1,389,383
Fancy goods.....	4,362,850
Baskets, boxes, &c.....	314,267
6,066,500	
Furs.....	\$2,643,664
Hair manufactures.....	300,537
Feathers.....	136,708
3,080,809	
Leather and leather manufactures.....	4,871,894
Paper.....	\$1,458,560
Books.....	851,683
Engravings and stationery.....	661,660
Paper-hangings.....	117,596
3,089,499	
Paints.....	\$1,336,214
Linseed oil.....	2,374,089
Perfumery, soap, &c.....	727,247
Flax.....	439,453
Hops.....	515,673
Tobacco.....	654,132
6,056,808	
Total.....	\$179,307,593



The aggregate value of the items here cited roughly from the list of importations at New York alone for the calendar year 1866 is nearly one hundred and eighty million dollars in gold value as invoiced, all or at least very nearly all of which comes in direct competition with the labor of our own country.

It is estimated that imports at all other ports are equal to from one fourth to one third of the imports at New York. Call it one fourth, which will be \$45,000,000, and you have a total of imports of products competing with our own, in round numbers, \$225,000,000. Reduce this to currency at forty per cent. for gold, about the average rate of the year, and you reach the amazing sum of \$325,000,000; and remember that this is not the total of imports, but simply that part of them which come in direct competition with our own productions. In currency value, the total imports will, as before stated, exceed \$500,000,000. The rapid and excessive increase of imports, which will be shown by the following table, is the strongest evidence I can submit to prove that the present tariff is not sufficient either to protect properly American industry or to save the nation from ruin by over importation.

*Comparative table of imports at New York.*

	<i>Dry goods.</i>	<i>Earthen and glass ware.</i>	<i>Pig-iron.</i>
1863.....	67,274,547	1,704,154	397,916
1864.....	71,589,752	1,979,634	803,788
1865.....	91,965,138	2,014,929	385,788
1866.....	126,222,855	4,204,552	879,733

It will be seen from these figures that the imports of these three leading items for the years 1866 are double those of the year 1863, a fact that may well alarm us. But more than this: these figures, large as they are, do not present the whole truth. The Secretary of the Treasury in his last report to Congress says:

"For many years there has been a systematic undervaluation of foreign merchandise imported into the United States, and large amounts have been smuggled into the country along our extended sea-coasts and frontiers. To make up for undervaluations and smuggling, and for cost of transportation paid to foreign ship-owners, twenty per cent. at least should be added to the imports, which would make the balance for the past year against the United States nearly one hundred million dollars."

If you add the Secretary's estimate for undervaluation, smuggling, &c., say \$100,000,000, to the ascertained imports for 1866, you have the enormous sum of between six and seven hundred millions, currency value, as the grand total of imports for the calendar year.

Such a statement may well "give us pause," and when we remember that a very large share of the articles whose values are included in this vast sum can be and would be produced by our own people, under a proper system of protection, which would save them from being driven from the factory and the workshop by the untaxed pauper labor of Europe, the subject is sufficiently important to demand the most serious consideration of Congress.

You must do something to arrest this flood of importation if you would save the nation from utter bankruptcy. Ruin must come to nations as well as individuals when they continue to buy more than they sell, and this is just what our nation is doing now. Let us see. So far the figures I have given were for the calendar year 1866. I propose now to call your attention to some figures from the Secretary of the Treasury's report for the fiscal year ending June 30, 1866.

During the fiscal year ending June 30, 1866, the United States imported:

Foreign merchandise free of duty.....	\$58,801,759
Foreign merchandise paying duty.....	368,508,051

427,309,810

Of foreign merchandise there was reexported:

Free of duty.....	\$1,907,157
Dutiable .....	9,434,263

Total, (mixed gold and currency value).....	11,341,420
Which, reduced to currency value, was equal to.....	10,263,233

Total net imports foreign merchandise, value in gold.....	417,046,577
Imports, specie.....	\$10,329,156
Of which there was reexported,	3,400,697

Net imports, specie.....	6,928,459
--------------------------	-----------

Total net imports, foreign merchandise and specie .....	423,975,036
During the fiscal year ending June 30, 1866, the United States exported domestic merchandise, currency value, \$468,040,903, reduced to gold value..	\$333,322,085
Specie exported.....	82,643,374

Total domestic exports, value in gold....	415,965,459
---	-------------

Apparent balance of trade, value in gold.....	\$8,009,577
---	-------------

This table shows an apparent balance of only \$8,009,577 against us for the fiscal year. But it must be remembered we paid during the year \$75,714,915 in specie. To this we must add the Secretary's estimate of twenty per cent for undervaluation, smuggling, &c., say \$83,409,315, making a grand total of balance of trade against us for a single year of \$167,133,807. Will any Senator tell me how we could have paid the astounding balance but by the exportation of our Government bonds, which will one day return to plague us; and will any gentleman tell me how we are ever to return to specie payments with a continuance of such a policy? Let the Secretary of the Treasury speak. He says:

"Notwithstanding our heavy exports during the past year, (that of cotton having been six hundred and fifty million six hundred and seventy-two thousand eight hundred and twenty pounds, or nearly one million six hundred thousand bales, a quantity greater than our entire crop of the present year,) the United States are largely in debt to Europe. It is evident that the balances have been largely against the United States for some years past, whatever may have



been the custom-house returns. On no other ground can the fact be accounted for, that a very large amount of American bonds is now held in Europe, which are estimated as follows, to wit:

United States bonds.....	\$350,000,000
State and municipal bonds.....	150,000,000
Railroad and other stocks and bonds.....	100,000,000

---

\$600,000,000

---

"It is evident from these figures that the balances are against us, and, chiefly by the exportation of our Government bonds, are being temporarily and improvidently arranged; temporarily, because a large portion of these bonds have been bought on speculation, and will be likely to be returned whenever financial troubles in the countries in which they are held shall make it necessary for the holders to realize upon them, or whenever satisfactory profits can be made by returning them, which will be when they nearly approach their par value in coin; improvidently, because they are being purchased at very low prices, and because their exportation stimulates imports and thus cripples home industry. Nothing is more certain than the fact that there can be no permanent resumption of specie payments in the United States until the balances between them and other nations shall be made easy by an exportation of commodities, including the products of the mines, equal at least to our importations, and until provision shall be made for returning bonds, or for preventing their return at unpropitious times. This state of things, it is conceived, cannot be effected without a change in our financial policy."

It must, therefore, be evident to the most superficial observer, who looks at these facts and figures, that the only road that will lead us to a sounder financial condition, and enable us to reach the desired point of specie payment, is to turn the balance of trade in our favor by buying less abroad and producing more at home. While I am constrained to differ in some points from the distinguished Secretary of the Treasury, I most heartily concur in the views he has so ably presented on this branch of the subject.

Sir, however much this Congress may legislate in regard to the currency; whatever views may prevail as to expansion or contraction; however wisely you may provide for funding your debt and providing for your interest and other Government expenditures, you will fail to reach the disease that is preying upon the vitals of the nation if you do not in some form check these excessive importations.

In my judgment the power to do this lies in the passage of the bill now under consideration. I do not claim, by any means, that it is perfect in its details. It differs in many points from the House bill. It differs in some important points from the recommendation of Mr. Wells, the highly intelligent and eminently faithful special commissioner; and I may say, on some points, the members of the Finance Committee themselves are not all agreed. Its defects may be supplied and its mistakes corrected by the practical wisdom of the Senate; and when this is accomplished I sincerely trust the bill will become a law.

It may be objected that the duties provided in this bill are too high to be consistent with

a proper regard to revenue, and that the check upon importations which it may impose will reduce the gold revenue below what is required for the payment of the interest on the public debt.

I think there need be no apprehension on this point. Experience shows that increased rates on what is imported fully compensate for the deficiency in the amount imported. The advance in duties, made by the bill of 1864-65, was in some instances large, and yet the revenue, instead of being decreased thereby, was largely increased.

The committee had this point in view during the entire time the bill was under consideration. It is my opinion, and I think the distinguished chairman of the Finance Committee agrees with me, that the amount of revenue for the next fiscal year would probably be much the same under the proposed bill as it would be if the existing tariff were permitted to stand. In either case the revenue will doubtless fall off, for two reasons: first, we imported last year altogether too much, and more than we could pay for, but for artificial aids, such as the exportation of Government and other bonds; and secondly, the impetus given to importation in view of the anticipated passage of a higher tariff this session has accumulated a surplus that may carry us partly through the coming fiscal year.

Mr. President, I have already trespassed too long on the indulgence of the Senate. A word or two more and I have done. Sir, I speak to-day in behalf of the American laborer, the hardy sons of toil, the bone and sinew of our nation. It is their cause I plead, and I covet for them the best gifts which the nation can bestow. Look over this broad land and see the millions of humble yet happy homes of your industrial classes, where the fire burns brightly on the hearth, and where connubial, parental, and filial affection reigns.

Amid all that is great and glorious in our land I single out the fact that our sons of toil are better fed, better clothed, better lodged, better paid, and better taught than those of any other nation on the face of the earth, and proclaim it as the brightest jewel in our crown of glory.

It is the boast of England that her cheaper labor will always enable her to produce so cheaply as to defy competition. God grant that cheap labor in the English sense may never be the boast of this nation. Under our form of Government the laborer never can be and never ought to be reduced to the condition of those in other lands, who are content to toil on while others think for them and govern them, without even so much as an aspiration for a better condition. The working men of our land make and unmake Presidents, Congresses, and Legislatures, and the elevation of the masses socially, intellectually, and



morally is a necessity if you would perpetuate the institutions of the Republic.

Is there a Senator within the sound of my voice who would reduce the laborer of our country to the level of the pauper labor of Europe? No, no! There was once a class of men in these Halls who might have consented to this. Under their "peculiar institution," now happily gone forever, labor was degraded by chains and fetters, and the bold announcement was made that "capital should own its own labor." They resisted unto blood the higher civilization, which taught the sublime truths of the universal brotherhood of man, and the right of all men to the just rewards of their labor.

The conflict is ended, and, God be praised, the right has triumphed; and having thus elevated four million human beings from chains and slavery to freedom and to manhood let us address ourselves to the work of stimulating the

industrial energies of the nation, so that free labor shall find its wonted employment, and receive its just reward.

The bill under consideration, if passed, will prove an important agency in this work. It speaks of cottons and woolens, of iron and steel, of wheat and corn, of linseed and barley, but these are only other words for labor, and the title of the bill might with propriety read: "An act for the encouragement and protection of American labor."

Perfect this bill, and then make it a law, and hope and courage will spring up throughout the nation. The fires of a thousand forges and mills and furnaces will illumine the land and the ceaseless hum of a million whirling spindles will chant the praises of the American Congress that had the wisdom to understand and the fidelity to maintain the principles of the American system.